

Message Text

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70

ACTION EUR-25

INFO OCT-01 NEA-10 ISO-00 INT-08 SCEM-02 SCI-06 AF-10 IO-14

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15 AID-20 EB-11

CIEP-02 TRSE-00 STR-08 OMB-01 CEA-02 COME-00 FRB-02

XMB-07 OPIC-12 LAB-06 SIL-01 EA-11 NIC-01 DRC-01 /238 W

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FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 9607

INFO AMEMBASSY TEHRAN

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E. O. 11652: N/A

TAGS: PINT, ENRG, IR, BE

SUBJECT: POLITICAL IMPLICATIONS OF BELGO-IRANIAN PETROLEUM
REFINERY PROJECT

REF: BRUSSELS 7167

1. BELGIUM'S THREE GOVERNMENT PARTIES ARE EXPECTED
TOMORROW TO AGREE UPON CONSTRUCTION NEAR LIEGE OF
PETROLEUM REFINERY TO BE OWNED JOINTLY BY BELGIAN
AND IRANIAN GOVERNMENTS, THUS RESOLVING ISSUE THAT
SERIOUSLY THREATENED COALITION'S COHESIVENESS LAST
SPRING (BRUSSELS 2467; PREVIOUS). BASIC ASPECTS OF
INTERGOVERNMENTAL AGREEMENT REMAIN AS REPORTED REFTEL
PARA 3; MAJOR OUTSTANDING QUESTIONS CONCERN SOURCE
OF FUNDS TO BUILD REFINERY AND SERVICE
PIPELINE AS WELL AS SITE OF REFINERY IN LIEGE AREA.
THESE POSE NO INSURMOUNTABLE PROBLEMS.

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2. AGREEMENT WILL BE FEATHER IN CAP OF SOCIALIST PRIME MINISTER LEBURTON AND HIS LIEGE ASSOCIATES, WHO HAVE LONG TOUTED REFINERY FOR LIEGE AS IMPORTANT ELEMENT IN, AND HIGHLY VISIBLE SYMBOL OF, WALLONIAN ECONOMIC REGENERATION. WHATEVER REFINERY MAY COST BELGIUM, AND WORLD PETROLEUM SITUATION MAKE PROGNOSIS IMPOSSIBLE, IT DOES PROVIDE PRIME MINISTER AND BELGIAN SOCIALISTS WITH FIRST SIGNIFICANT RETURN ON THEIR CONSIDERABLE INVESTMENT IN TRIPARTITE COALITION. OTHER PARTIES, ESPECIALLY FLEMISH SOCIAL CHRISTIANS AND LIBERALS, WILL EXPECT QUID PRO QUO'S AND THEIR COST WILL MOUNT IF FUNDS FOR PROJECT ARE DRAWN FROM EXPANDED NATIONAL BUDGET RATHER THAN EXISTING BUDGET FOR WALLONIAN REGIONAL DEVELOPMENT. WHILE THESE COULD CAUSE STRAIN ON COALITION WHEN GOVERNMENT CONSIDERS BUDGET REVISIONS NEXT SPRING, AGREEMENT ON REFINERY PROJECT WOULD STRENGTHEN LEBURTON'S HAND IN HIS OWN PARTY AND GIVE HIM MORE ROOM TO MANEUVER ON REGIONALIZATION AND SCHOOL ISSUES THAT ARE OF PRIME IMPORTANCE TO OTHER COALITION PARTNERS.

3. CREDIT FOR RESOLVING ISSUE GOES PRIMARILY TO WORLD OIL CRISIS, WHICH OBFUSCATED ECONOMIC ISSUES WHILE ENHANCING POLITICAL ATTRACTIVENESS OF PROJECT AS SEEMING TO HELP SECURE IMPORTANT ENERGY RESOURCE FOR BELGIUM. SKILL OF PRIME MINISTER SHOULD NOT BE DISCOUNTED, HOWEVER, FOR BY TACKLING WHEN WINDS WERE UNFAVORABLE LAST SPRING, HE WAS ABLE TO CAPITALIZE ON THEM FULLY WHEN THEY CHANGED. WHETHER OR NOT BELGIAN GOVERNMENT'S INITIAL VENTURE INTO PETROLEUM BUSINESS WILL BRING LONGER-RANGE ECONOMIC AND POLITICAL ADVANTAGES THAT SOCIALISTS EXPECT REMAINS TO BE SEEN.
STRAUSZ-HUPE

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